

Statement of
U.S. Representative Edward J. Markey (D-MA)
*Ranking Democrat, House Subcommittee on
Telecommunications and the Internet*
Hearing on IP Broadband Video and Data Services
April 20, 2005

Good Morning. I want to commend Chairman Upton for calling this hearing this morning on policy questions raised by the Internet Protocol-based video and data services.

This morning we will receive testimony on IP-enabled data services and video services. Microsoft's X-Box for example, is not only a wildly popular game application for broadband networks, but also provides voice services as a feature. Policymakers will need to address what happens when IP applications combine multiple services, such as voice with other data information, for purposes of determining proper regulatory treatment. We also need to enact strong protections ensuring that consumers are not thwarted from utilizing the applications of their choice over the Internet and that innovators and entrepreneurs are not frustrated in their ability to offer innovative new services to consumers over broadband networks.

Today's hearing raises a number of important policy issues on video-related issues as well. The cable marketplace today remains highly concentrated. Consumers continue to pay too much for cable service. An "independent cable operator" is almost an oxymoron, as the overwhelming majority of cable channels are either owned by major television networks or the cable operators themselves. When cable operators are questioned annually about why rates continue to rise annually, they note that they have spent large sums upgrading their networks for additional services and channels. There is no question that cable networks have been upgraded and that they increasingly offer an array of services to consumers, including much-needed voice competition.

Additionally, cable operators often point to increases in programming costs as a key reason consumer rates keep rising. The programmers, in turn, often point to rising costs in the sports marketplace. Policymakers have been hoping for years that competition would arrive to ameliorate some of these unhealthy dynamics in the marketplace but for millions of consumers effective competition has not yet arrived.

Which brings us to the Bell telephone utilities. As the Bells roll out IP-video services, policymakers must determine whether such services represent a qualitatively distinct service from services now offered by cable operators. If so, we will also need to determine whether that also means that must-carry rules, sports blackout rules, community access channels, local franchises, franchise fees, consumer privacy protections, and other obligations to which we currently hold cable operators should be ignored, in whole or in part, for the Bell companies.

The benefits of competitive IP-based services are manifold in terms of consumer choice and possible job creation and innovation. But we must remember that consumers can only derive the benefits of such new broadband services if they can actually afford a broadband connection and only if providers offer such services in their neighborhood in the first place.

With this in mind, it is particularly troubling that SBC and Verizon have deployment plans that skip over or avoid the very communities in their service territories which could most benefit from an affordable alternative in the marketplace. It is unusual, in this context, to receive requests for forbearance from the public interest obligations that cable operators discharge from providers whose current deployment plans arguably widen, rather than bridge, the digital divide which remains in our society. An argument that rules need to be bent or waived so that service can reach the most affluent, sooner, is simply not a compelling public interest case to make. I hope that these companies will reflect on their plans and the needs of their own customers and recalibrate their deployment plans so that all sectors of our society are appropriately served. In the end, this is not only good telecommunications policy, it is also good economic policy for our country.

I again want to thank Chairman Upton for calling this hearing and I look forward to hearing from our witnesses.

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